

THE QUARTERLY REVIEW OF COMMERCE



VOLUME VII. No. 1



60c A COPY

The War and Business

The Probable Effect of War on Ontario Relief Rolls

Foreign Exchange Control Board

Looking for the "Double A" Man

Canada At War : An Historian's View

AUTUMN NUMBER
1939

UNIVERSITY OF WESTERN ONTARIO

RECEIVED
 NOV 22 1939
 LONDON PUBLIC LIBRARY

THE QUARTERLY REVIEW OF COMMERCE

THE QUARTERLY REVIEW OF COMMERCE

VOLUME VII.



NUMBER 1

AUTUMN, 1939

STAFF

<i>Consulting Editors</i>	{ WALTER A. THOMPSON, M.B.A. ELEANOR C. DOHERTY, Ph.D.
<i>Managing Editor</i>	AUSTIN E. CONWAY
<i>Assistant Editor</i>	JAY CAMERON
<i>Business Manager</i>	A. S. MCVICAR
<i>Advertising Manager</i>	KEN MOONEY
<i>Circulation Manager</i>	EUGENE WESTENDORP
<i>Assistant Circulation Manager</i>	AUSTIN SMITH
<i>Secretary</i>	MARIE SMIBERT

Editorial : The War and Business	<i>John C. Kirkwood</i>
Page 5	
The Probable Effect of War on Ontario Relief Rolls	<i>E. A. Horton</i>
Page 8	
Foreign Exchange Control Board	<i>James F. McMillan</i>
Page 12	
Looking for the "Double A" Man	<i>Randell Bythell</i>
Page 18	
Canada At War : A Historian's View	<i>Richard Crichton</i>
Page 23	

PUBLISHED QUARTERLY

By the Commerce Club and the University Students' Commission of the University of Western Ontario

The subscription terms: \$2 a year; single copy, 60c. Entered as second class matter at the Post Office at London, Ontario. Address all communications to the Managing Editor, The Quarterly Review of Commerce, University of Western Ontario, London, Canada.



You will enjoy banking
at Canada's pioneer bank

A MILLION DEPOSIT ACCOUNTS
DENOTE CONFIDENCE

BANK OF MONTREAL

Established 1817

MODERN, EXPERIENCED BANKING SERVICE — the outcome of 122 years' successful operation



Sixty-five years
of faithful service
May we serve you?



**THE LONDON LIFE
INSURANCE COMPANY**

Head Office: London, Canada

**O. Roy Moore
& Co.**



**REGISTERED
ARCHITECTS**



London

Ontario

260 Dundas Street

THE QUARTERLY REVIEW OF COMMERCE

Edited under the direction of the Student Advisory Board of The Quarterly Review of Commerce: Austin E. Conway, *Editor and Chairman*; Jay Cameron, *Assistant Editor*; Kenneth Mooney, Louis Assaly, Ted Carlton, *Senior Year Representatives*; John Rider, Max Sheppard, *Junior Year Representatives*; and Grace Leaman, *Sophomore Representative*.

Statement of Policy

THE QUARTERLY REVIEW OF COMMERCE does not assume responsibility for the points of view or opinions of its contributors. It does accept responsibility for giving them an opportunity to appear in its columns.

Contributors of This Issue

JOHN C. KIRKWOOD

Former Editor of Marketing; man of wide experience in business consulting practice both in England and in Canada; prominent contributor to many Canadian publications, including *The Financial Post*.

E. A. HORTON, M.B.A.

Graduate of the University of Western Ontario; graduate of the Harvard Graduate School of Business; Deputy Minister of Municipal Affairs for the Province of Ontario; Director of the Unemployment Relief Branch of the Dept. of Municipal Affairs, Parliament Bldgs., Toronto.

JAMES McMILLAN

Graduate of the University of Western Ontario; graduate of Osgoode Hall, Toronto; partner in the law firm of Carrothers & McMillan of London, Ontario.

RANDELL BYTHELL

Former Editor of *The Canadian Bookseller and Stationer*, McLean Publishing Company, Toronto; now in the Publications Department of The London Life Insurance Company, London, Ontario.

RICHARD CRICHTON, B.A.

Served in the Second Battalion of the Canadian Expeditionary Force, 1914-1918; awarded the Military Medal; graduate of the University of Western Ontario; now a student of theology at Huron College, London; at present, Regimental Sergeant-Major in the Canadian Officers' Training Corps, University of Western Ontario Unit.

UNIVERSITY OF WESTERN ONTARIO

London - Canada


EDUCATION FOR RECONSTRUCTION PURPOSES

It is certain that at the close of the conflict between the Allies and Germany, which began on September 3rd, 1939, there will be an overwhelming demand for scientifically educated men and women. Thousands of trained men in a wide range of professional categories will be required for reconstruction purposes. This demand will in all probability far exceed that following the war of 1914-18. Young men and young women who are looking forward to a career should plan to qualify themselves to meet the world's needs.

The type of education provided in any community is determined by public opinion. If the people are actuated by either political, economic or social ideals their schools are certain to follow suit and to teach the children and young people what is honoured by their elders.

For information concerning matriculation requirements, courses of study, etc., write

The Registrar.




THERE'S A SUN LIFE POLICY FOR EVERYONE

LET US ANALYZE YOUR NEEDS

GEORGE C. CAMPBELL JACK SUMMERS
Arts '39 *Arts '39*

LOCAL REPRESENTATIVES
New Bank of Toronto Bldg. London, Ont.

SUN LIFE  **%CANADA**

1865 1939

THE QUARTERLY REVIEW OF COMMERCE

Autumn
1939



Volume VII.
Vol. 1

EDITORIAL: THE WAR AND BUSINESS

JOHN C. KIRKWOOD

SHOULD Canadian enterprisers turn the European war to their individual advantage? Should they try to make money out of the war? Should the consuming public be urged to buy more of what enterprisers have to sell—motor cars, clothes, furniture and furnishings, labour-saving equipments and appliances, foods in their wide variety, cosmetics and toiletries, pleasure and entertainment—these by way of example?

The answer to these questions is "Yes."

By increasing their sales activities and sales pressure, enterprisers will give employment to more persons, and so individual and family purchasing power will be increased; perhaps, also, individual and family savings. Enterprisers themselves, by increasing their sales, will increase their net profits and their reserves, and when the war is over, and should a business slump occur, then stored surplus profits would be available for probable requirements.

It is not always wrong to turn other persons' misfortunes to one's personal advantage. Thus, the farmer who has a good crop of potatoes at a time of general potato crop failure can legitimately ask and take

from his community the prevailing high price for potatoes. It would not be wrong for shore dwellers to harvest the wreckage from a rock-shattered ship. It is not wrong for a dealer in dry goods to buy at an advantageous price, by tender or auction, the stock of a bankrupt retailer or manufacturer. It is not wrong for a card player to whom has been dealt a good hand to use his advantage against a player who holds poor cards. And by the same token, it is not wrong for Canadian enterprisers to turn to profitable account their advantageous position and opportunity in respect of the current European war.

War or no war, the enterprisers of every country quite legitimately turn the misfortune of competitors to profitable account. A famine in one country or region becomes advantageous to traders in countries or regions where there is no famine. The bad judgment or practices of one enterpriser may become advantageous to his more astute competitor.

So far as our own country is concerned, our enterprisers would be blameworthy if they failed to use their present opportunity to sell, to the maximum of possibility, all that they can, to both domestic and foreign buyers, and to sell at prices established by the law of supply and demand.

It is to be remembered that the current European war is bound to increase Canadian taxation heavily; and the ability of both enterprisers and consumers to pay increased taxes will be derived, in part, from what they may gain as a consequence of the war in Europe. What may be present gain will of a certainty be taken away, in large measure, by the State.

Our case in Canada is incomparably better than is Britain's case. In the Motherland ordinary productive and distributive industry has received almost a death blow, and British taxation, both currently and prospectively, falls, and will fall, on sadly impoverished enterprisers and consumers. Both the present and the future lot of the British people is, in contemplation, depressing in the extreme. By contrast, we in Canada are infinitely blessed.

Looking forward to the post-war period and to the inevitably diminished purchasing power of Britain and Europe—markets which have been large takers of Canada's produce and manufactures—we in Canada are under present obligation to do our utmost to carry on industrially to the limit of ability, in order to be able to meet, in the

post-war period, with a minimum of adversity, inescapable difficult times.

Happily, Canada has natural assets which will contribute to her financial necessities in the post-war years—the asset of our mines by way of example; perhaps, also, of our forests and soil. From this point of view—that of our natural assets—we are matchlessly advantaged over the Motherland.

But, for the present, Canada's plain duty is to be industrious, in both production and distribution, to the fullest possible extent. If we should do less than we can, we would be culpable in the eyes of both men and Heaven.

THE PROBABLE EFFECT OF WAR ON ONTARIO RELIEF ROLLS

E. A. HORTON, M.B.A.

THE Dominion of Canada and the Province of Ontario have been at war for approximately seven weeks. Already relief rolls have been somewhat reduced, even in the face of a seasonal increase in the need for assistance which occurs by reason of summer employment ending and by the motor industry not getting into full production until late fall.

In Northern Ontario

In Northern Ontario a considerable stimulus is already manifest in timber operations and in paper and pulp activity. Even now in the districts of Nipissing, Parry Sound, Cochrane, Algoma, Sudbury, Rainy River and Thunder Bay it is difficult to obtain experienced log or pulp cutters for this winter's operation. This is a direct about face from the situation prevailing a year ago, when the supply of such labour far exceeded the demand.

In the North, then, the question of how far relief rolls may be reduced is a relatively simple problem to answer. If this demand in timber operation continues, it is more than likely that only "unemployables" will be left on the relief rolls in any of the Northern districts during the winter season. It is certain, however, that this category still leaves a goodly number of persons with a relative dollar cost for all relief issued for their assistance.

In Southern Ontario

In Southern Ontario the picture is rather different. Apparently an expansion of operations in the North for the production and finishing of natural resources such as timber can be undertaken for their resultant effect more quickly than the expansion of centralized industrial activity in urban centres in the South.

There are several features that must be borne in mind concerning relief lists in the urban centres of Southern Ontario. The degree of acceleration of industrial activity in Hamilton, for instance, would mean the difference between taking fifty families off relief or five hundred in a given period. It is admitted that some industries cannot be geared up to maximum war-time efficiency without the loss of valu-

The Probable Effect of War on Ontario Relief Rolls 9

able time to change over jigs and fixtures and other equipment essential to industrial processing. Again, a reduction of relief rolls in urban centres depends upon the ability of industry in general to take all the employable recipients in that localized area. In other words, there are localities in the Province known for some years now as "depressed" areas, such as Midland, Penetang, Collingwood, Hawkesbury, etc., where only the location of new industries would take all the employable persons therein off relief. Furthermore, the availability of any industry which needs more employees must be considered, since relief recipients who have been on relief for any length of time are not able easily to pick up the family and move close to the available employment. Even though the Province of Ontario does assist in paying transportation costs under such conditions, there is still the human factor to consider, and its adaptability to new scenes.

In addition, a major factor would be the willingness of industry to take recipients who have been on relief for a long time, for, during that time, they have probably lost some of their skill in machine operation and, also to their disadvantage, new processes and new equipment have come into industry which certainly require either experienced operators familiar with modern technique or demand, or, as an alternative, a long period of retraining.

Furthermore, the war is a disrupting factor in some lines of industry or commercial enterprise and already, in the larger centres particularly, some firms have dismissed employees or so revised their way of doing business that their former employees are now out of jobs. If then these employees cannot re-establish themselves in some industry, they must perforce turn to public assistance. The local Welfare Departments, of course, have been warned to plan for this development and to assist such persons through the local employment office in making some new connections.

All of the above, of course, assumes naturally that every ounce of available man-power or woman-power will be needed in our present struggle, and, if the struggle is of considerable duration, there is no doubt whatsoever that all employable persons will disappear from the local relief lists, for persons even in depressed areas by careful planning can be moved to areas of greater activity. Unfortunately, there is a considerable percentage of persons on the active relief lists who fall into the category of either "partially employable" or "totally unemployable." At the present time, a re-examination, with the assistance of the

Ontario Medical Association, is proceeding with a view to drawing definite lines of demarcation between those who cannot work at all and those who can do something.

For instance, partially employables such as one-armed and one-legged men on relief could well assume duties as watchmen or be employed at some industrial operation where the loss of a limb would not be an entire handicap.

But, on the other hand, once a line of demarcation is drawn definitely in that group which is already listed as totally unemployable, there will be a considerable number of persons, who, by reason of some physical disability, are bedridden or otherwise incapable of exerting any kind of physical energy. Unless some other means of public assistance other than relief is found for such persons, there would seem to be an apparent difficulty in their removal from the relief rolls.

Forecast of Decrease in Relief Rolls

At the expense of making the fatal mistake of bad judgment or of guessing wrongfully it could be indicated in just what centres a decrease in relief rolls might be expected either at an early date or is already under way. Since, in the Province of Ontario, about forty municipalities comprise 90% of the total relief costs monthly the "guess" will be confined to that list:

	probable rapid reduction		
Windsor	"	"	"
Guelph	"	"	"
Trenton	"	"	"
Brantford	"	"	"
Stamford Township	"	"	"
Oshawa	"	"	"
St. Catharines	"	"	"
Welland	"	"	"
Niagara Falls	"	"	"
Stratford	"	"	"
Peterborough	"	"	"
Kingston	"	"	"
Hamilton	"	"	"
Port Arthur	"	"	"
Fort William	"	"	"
Sault Ste. Marie	"	"	"
Sudbury	"	"	"

The Probable Effect of War on Ontario Relief Rolls 11

Ottawa.....	probable sustained decrease		
New Toronto	"	"	"
Kitchener	"	"	"
Toronto	"	"	"
York Township	"	"	"
Scarborough Township	"	"	"
Long Branch	"	"	"
East York Township	"	"	"
London	"	"	"
Etobicoke Township	"	"	"
Mimico	"	"	"
North Bay	"	"	"
Sandwich East Township..	"	"	"
Sandwich West Township	"	"	"

From previously reduced rolls—

St. Thomas	probable decrease		
York North Township.....	"	"	
Toronto Township	"	"	

By removal of entire families to other areas—

Sturgeon Falls	probable decrease		
Penetanguishene	"	"	
Midland	"	"	
Eastview	"	"	
Rockland	"	"	
Hawkesbury	"	"	

Regardless of guesses, two features which will materially assist in reducing relief rolls are: First, the statistical knowledge that the Province now has of relief figures for any Ontario municipality concerning the numbers of persons on relief, percentage of population on relief, increases or decreases of expenditure comparing certain periods, all of which may be utilized to plot future developments on the basis of past experience. Secondly, by means of greatly improved regulations and administrative methods in the local municipalities, a measure of control and co-operation can now be employed which would have been impossible a few years ago. In other words, all will be done that can be done by the Province, and by the local municipalities, in reducing the number of persons on relief rolls consistent with the times.

FOREIGN EXCHANGE CONTROL BOARD

JAMES F. McMILLAN, B.A.

THE Second Great War finds the nations of the world, belligerent and neutral, engaged at the outset of hostilities in formulating regulations designed to protect the national economy from the shock of war. Of first importance to a belligerent nation is the maintenance of the value of its principal monetary unit in the world markets where materials of war must be purchased. The maintenance of the value of the Canadian dollar is of extraordinary importance to Canada at the present time because of the situation arising out of the Neutrality Laws of the United States of America and the probable rôle of Canada as agent for the Allies in obtaining supplies from that country. If this situation should develop along lines now indicated, monetary transactions in unprecedented amount are likely to develop between Canada and the United States and between Canada and the United Kingdom. These extraordinary monetary conditions will be the special concern of the new Foreign Exchange Control Board created by order-in-council on September 15th, 1939.

As indicated in the title of the article, no attempt will be made to deal with the political and economic aspects of the regulation by the government of transactions in foreign exchange and securities. It is proposed merely to deal with the authority under which the regulations are made and the immediate practical requirements thereof as they affect persons dealing in import or export of foreign goods, securities or money.

Earlier Legislation

Some measure of foreign exchange control was provided for by The Exchange Fund Act enacted by Parliament in the year 1935. This Act provided that the profit derived from time to time from the revaluation of the gold reserve held by the Bank of Canada should be set aside by the Bank in a special fund under the control of the Minister of Finance and might be invested in the meantime. Section 6 of that Act provided that whenever it should be so declared by proclamation published in The Canada Gazette, this fund might be used for investment in gold, foreign exchange or deposits with Banks in London or New

York. These provisions were made for the purpose of enabling the Minister of Finance to meet or at least minimize any extraordinary fluctuation in the value of the Canadian dollar. The special powers to use the fund for the purchase of foreign exchange reserves were not in fact proclaimed until the outbreak of the war.

Creation of the Foreign Exchange Control Board

On the outbreak of war it was apparent that very drastic measures must be adopted to stabilize exchange. The Foreign Exchange Control Board was created by order-in-council on the 15th day of September, 1939. The Exchange Fund already created was transferred to the control of the new Board and the powers to invest in gold and foreign exchange declared by proclamation to be in effect.

Wide Powers

The new Board, however, is given powers far beyond those contemplated in the Exchange Fund Act. The regulations to be administered by the Board enable it to mobilize under its control all foreign exchange and foreign securities belonging to any resident of Canada and, if it should become expedient, to appropriate all such foreign exchange and foreign securities for the use of His Majesty the King in the right of Canada. The Board is further empowered to control all exports and imports and the payment of Canadian currency to non-residents is forbidden without its permission.

These provisions place the major elements directly affecting foreign exchange rates in the hands of the Board, whose task it is to use the control vested in it to keep the rate of exchange at a point where business and finance can be conducted on the most favourable terms. It is obvious that the enforcement of these provisions may in result go far beyond the fixing of a rate of exchange and have a profound effect upon the trend of internal business and investment in Canada.

Legal Authority of the Board

As the creation of the Foreign Exchange Control Board is one of the first of the special war measures, it will perhaps be interesting to follow through the authority under which it has been established. The Board was created by order-in-council under the authority of the War Measures Act, 1914 (2nd Session) as re-enacted in the Revised Statutes of Canada, 1927, Chapter 206. This Act delegates to the Governor-in-Council extraordinary powers to be exercised by order-in-council where

by reason of the existence of real or apprehended war, invasion or insurrection he deems the exercise of such powers necessary or advisable for the security, defence, peace, order and welfare of Canada. Of particular application to the new Foreign Exchange Regulations are the specifically granted powers of "appropriation, control, forfeiture and disposition of property and of the use thereof." The Act provides that a proclamation by His Majesty or under the authority of the Governor-in-Council shall be conclusive evidence that war, invasion or insurrection, real or apprehended, exists or has existed for any period of time therein stated. It will be seen from the wording of this Act that the powers of the Governor-in-Council from the time of issuing such a proclamation are almost unlimited.

On the 1st day of September, 1939, a proclamation declaring apprehended war "exists and has existed from the 25th day of August, 1939," was published in *The Canada Gazette*. On the 10th day of September, 1939, a proclamation was issued declaring that "a state of war with the German Reich exists and has existed in our Dominion of Canada as and from the 10th day of September, 1939." By these proclamations the provision of the War Measures Act became effective.

On the 15th day of September, 1939, the Foreign Exchange Control Board was created by order-in-council under the War Measures Act subsequently published in *The Canada Gazette* of September 23rd, 1939. The order provides that it shall come into force on the 16th day of September, 1939.

Regulations Brought Into Force

General regulations dealing with the constitution and personnel of the Board and restricting the use of foreign exchange and securities and imports and exports of exchange, securities and goods are contained in the order-in-council creating the Board. Further regulations may be made by the Board and will come into force upon publication thereof in *The Canada Gazette*.

The regulations as contained in the order-in-council provide, in part, as follows:

All foreign exchange in the possession or control of any resident of Canada at the date of the order and any foreign exchange subsequently acquired by any such resident must be declared by him to the Board. All transactions in foreign exchange are forbidden without

permission of the Board. The Board is given the right to appropriate for its use any of such foreign exchange at any time and pay for the same at rates to be fixed by the Board;

No Canadian currency may be transferred by a resident to a non-resident or from the account of a resident to the account of a non-resident except as permitted by the Board;

All foreign securities which are in the possession, ownership or control of a resident of Canada, at the date of the order, shall be forthwith declared to the Board. Such securities may be bought and sold within Canada but may not be exported or imported without permission of the Board. The Board may at any time require that such securities shall be transferred to His Majesty in the right of Canada at a price to be fixed by the Board, payment to be made, of course, in Canadian funds;

No person shall export any goods, currency, securities or foreign exchange or any other property from Canada nor shall any person accept payment in Canadian dollars for any property exported or to be exported without the permission of the Board;

Every license to export shall be on the condition that the proceeds in foreign exchange realized on the sale of the goods exported shall be declared and offered for sale to the Board at the price fixed by the Board;

No person shall import any goods, currency, securities or other property into Canada nor shall any person make payment in Canadian dollars for any property imported or to be imported by him except by permission of the Board.

Exceptions Numerous

These general regulations are subject to numerous exceptions with respect to special transactions and new regulations are being made from day to day by the Board as specific cases arise. Exceptions already made include the following: no license will be required for the importation of goods not exceeding one hundred dollars by any one person in any calendar month; personal effects belonging to and required for the use of any person entering or leaving Canada may be brought in or taken out by such persons without a license; gifts to a value not exceeding twenty-five dollars may be sent from Canada by mail or parcel post by any person in any calendar month; any person may bring in on

entering, or take out on leaving Canada, Canadian and foreign currency to a total not exceeding one hundred dollars, without permit, but this exemption shall apply only once in any calendar month; any foreign resident leaving Canada may, without permit, take with him currency or exchange not exceeding the amount brought into Canada by him; any person may purchase from any authorized dealer foreign exchange to the value of one hundred dollars in any calendar month and any resident may pay or transfer Canadian currency to or to the account of a non-resident to an aggregate not exceeding one hundred dollars in any calendar month; in addition to any other exemption no license shall be necessary to export by mail any property the value of which does not exceed five dollars.

The above are some of the exceptions to the general provisions of the order which are likely to affect the individual. Numerous other exceptions have been included in the regulations and will, no doubt, be made from time to time as occasion arises.

Reaches Public Through Chartered Banks

Every Bank incorporated under the Bank Act is by the order constituted an authorized dealer in exchange for the purposes of the order. In practice a certain amount of latitude is being allowed the managers of local branches of the Banks in issuing permits where the applications made to them are in the usual and normal course of business. The decision of the Bank as to issuing permits is, of course, subject to appeal to the Board. Forms have already been printed and are obtainable at the Banks, among them the following: Form "A" is an application for a general license to export goods for the use of exporters making regular shipments; Form "B" is an application for a particular license to export goods; Form "C" is a declaration of foreign exchange held by a resident offering it for sale; Form "D" is an application for a license to export goods which are not to be paid for in foreign exchange; Form "E" is an application for a license to import goods; Form "F" is an application to purchase foreign exchange; Form "G" is an application to transfer Canadian currency to the account of a non-resident; Form "H" is a special application to purchase foreign exchange for travel purposes; Form "K" is an application for a license to export property other than goods, and Form "M" is a declaration to be made by all residents of the foreign exchange and foreign securities now in their possession.

A very short time has elapsed since the putting into effect of the order and it is difficult to obtain any evidence of the manner in which the new provisions are operating, but it is apparent that, beyond the inconvenience of making the necessary applications, there has been no action taken by the Board to restrict the normal course of business and it may be that events will not make it necessary to put into force some of the more drastic provisions of the order.

LOOKING FOR THE "DOUBLE A" MAN

RANDELL BYTHELL

Life Insurance Business Develops Scientific Yardsticks; Measuring Capacities of New Sales Recruits Results in Better Individual Sales Records.

"THERE is nothing like Bach to bring people together," Isaac W. Kibrick, top producer of the New York Life Insurance Company told a recent meeting of the Ontario Life Underwriters Association.

"One night I attended an unusually fine performance by the Boston Symphony Orchestra. The music so touched me that I resolved to give the organization a donation of \$5,000 to help insure the continuation of a great work. But \$5,000 is a great deal of money—even for an insurance underwriter—so I decided to take out a \$5,000 policy on my life, payable to the orchestra association.

"On the way out of the auditorium," continued Mr. Kibrick, "I met an acquaintance who I knew was also interested in good music. It occurred to me that he might also like to make a lasting contribution to such a cause. So I told him of my donation and the way I was planning to provide for it.

"The next day I sold him \$25,000 of life insurance, payable on his death to the Boston Symphony Orchestra.

"Bach had stimulated my interest in a great work. The Boston Symphony Orchestra was assured of \$30,000 toward the continuance of this work and I had sold a very profitable piece of business."

Thirty years ago, Isaac W. Kibrick was a political refugee from Russia—penniless and in a country whose language he could not speak. In the face of almost insurmountable obstacles he put himself through North Western University, graduating in law. Today he is a member of the Million Dollar Round Table, writing in excess of \$1,000,000 of new life insurance consistently each year.

In 1937, Mr. Kibrick sold \$2,500,000, topping his own previous records. Then he retired on the ample pension provided by the New York Life for their successful underwriters. Last year, the pensioner continued to bring in his annual million.

According to Mr. Kibrick, the present \$300,000,000,000, invested

in insurance, may go on increasing indefinitely. A son provides for his parents, parents look to the education of their children, grandparents leave a stake for their grandchildren, partners assure the continuance of their financial interests, bosses make it possible for their employees to buy their businesses, wealthy men provide funds for donations and liquid capital for payment of death duties. Just as long as needs are insatiable there will continue to be a place for life insurance. Life insurance is a way of life.

It takes a capable man to sell insurance. That is why companies throughout Canada and the United States have devoted years of intensive research to the task of selecting and training representatives. The Kibricks are exceptional but the general level of insurance salesmen has gone up almost in direct proportion to the tremendously increased sales of the last two decades.

An example of what this means to an individual company may be taken from the experience of The London Life Insurance Company. Individual sales for London Life agents have increased 35% during the past five years. In 1938, this meant that the average producer was bringing in \$100,000 in business or better. During the same period, the number of company agents was decreased by 43%.

There is nothing phenomenal about these results. They indicate that the life insurance business is now using the same scientific means of selection based on experience that it uses in evaluating its risks. This method, supplemented by skilled training, is producing a salesman capable of giving better service to the public and making a better living for himself.

Some years ago, an investigation was conducted by the Life Insurance Sales Research Bureau of Hartford, Conn., into the qualities contributing to successful selling. Thousands of questionnaires were filled in by men known to have made a success of life insurance selling, and from these compiled results two measuring charts were set up to check the qualifications of the average recruit.

The first scale of measurement is known as the "Prospective Agents' Rating Chart" and has been tested by actual use for a period of several years. Questions attempt to discover the facts in a man's background, previous experience or education that predetermine his possible success or failure in the life insurance business.

There are always exceptions to any rule but in general it has been

found that the potentially successful agent is a man ranging in age from 35 to 39, happily married, with a wife favourable toward the business and with either a complete High School or University Education. In his previous occupation, he may have been an outside salesman, a bank manager, a business proprietor or executive, earning from \$2,000 to \$3,000 a year and up.

He is a man with some sense of responsibility as indicated by life insurance holdings averaging around three times his salary and net assets, excluding household furniture and an automobile, of \$5,000 or more.

To be a good salesman, he must have the ability to make connections either through organizations or by casual acquaintance. In addition to all this, he must be imaginative, enthusiastic and a self starter, since his work has to be done almost entirely without direct supervision or outside help.

Each question on the Rating Chart has a point valuation. Our ideal salesman with 75 points or better will rate an A grade. A total of 70 to 74 rates B, 65 to 69 a C, 60 to 64 a D and under 60 rates E.

The following chart provides some interesting data on the experience of 33 companies using the system in their selection of agents. It is significant that 66.8% of the men under contract to these companies rated C or better.

NEW AGENTS CONTRACTED

Distribution according to Research Bureau's Personal History Rating Chart

Rating	Agents of 33 Companies	Percentage Distribution
A	1,395	25.5%
B	1,026	18.7
C	1,241	22.6
D	892	16.2
E	936	17.0
	<hr/> 5,490	<hr/> 100.0%

Actually the use of the Rating Chart is more widespread than the returns of 33 companies would seem to indicate. Out of 81 companies recently contacted by the Life Insurance Sales Research Bureau, only

six reported that they made no use of some such mechanical aid in selection. The extent of use naturally varied from those where it was the exception to the 33 companies requiring rating on every new full-time agent hired.

Of the companies employing the Rating Chart, 51% have set definite standards of acceptance based on the results. The largest single group requires C standing or better. A few companies will accept no one with less than A rating.

With some years of testing under actual working conditions behind it, the life insurance business generally has come to accept the Rating Chart as a success and the day would not seem far distant when all companies will require it from prospective agents.

Carrying the process of scientific selection one step farther, the Sales Research Bureau this year introduced a complementary yardstick known as the "Aptitude Index." Coupled with the Rating Chart, which attempts to measure background, the Aptitude Index attempts to measure the intangible psychological factors that determine potential sales success.

By means of simple questions implying "yes" or "no" answers it appears that our ideal salesman is somewhat impatient of detail, dislikes "tinkering," likes to spread his energies into a great many different spheres of activity. He has an instinctive sense for people, remembers them, senses their unspoken attitudes and moods. He is confident of his own abilities though often prone to snap decisions without careful consideration of the facts. Intellectually, the successful salesman is honest though given to slight exaggeration prompted by imagination and enthusiasm.

Temperamentally, the salesman is eager and spirited. This means that he has strong feelings and that he is much interested both in people and in things that are happening.

He likes being told that he is doing good work and the sense of freedom that goes with control of his own working time. There is an element of shrewdness in the selection of his contacts. If he is given any preference, he joins political organizations with good prospects and clubs where he may associate with the leading people of the community.

Wherever there is activity, he likes to plunge into the thick of things yet never loses sight of the objective which prompts him to get off somewhere and visit with a few people.

Within his community, the ideal salesman is eager to acquire distinction and prestige; the admiration of his fellow-men. He is instinctively generous when it comes to hospitals, orphanages or other social welfare institutions.

On trips or vacations he likes to get away from the restraint and routine of everyday life; to give pleasure to his family and friends.

From his job he hopes to secure a certain amount of power and the chance to control important matters. He likes an attractive, well-arranged home because it gives him a feeling of stability, permanence and security.

Such a man would rate an A and should his record on the Personal History Rating Chart be equally good, a combined standing of "Double A." As yet, the Aptitude Index has not been sufficiently tested for the setting of minimum performance standards.

How does this new scientific approach fit into the general machinery of recruit selection?

Under the plan successfully developed by The London Life Insurance Company, a prospective agent makes application to the company manager in his district. Should the manager be impressed by his qualifications and appearance, he is asked to fill out a "Prospective Agents' Rating Chart" and an "Aptitude Index." These, together with certain other papers including (1) a personal history record, (2) a credit inspection report, (3) health report, (4) references and (5) manager's pen picture, are forwarded to Head Office for analysis. If a favourable record on the Rating Chart and Aptitude Index is reported, the results are considered in relation to the additional information available by a Selection Committee responsible for all contracts. On acceptance, our recruit is given an intensive course of training, after which he becomes a full-fledged life insurance underwriter.

The day of the amateur salesman is over. By constantly measuring recruit characteristics against the known facts of experience, the life insurance business is bringing a new precision into its selection. The aim is more Kibricks and fewer "duds." Progress toward the accomplishment of this objective would seem to be indicated by the tremendous improvement in the quality of life insurance business written.

CANADA AT WAR : AN HISTORIAN'S VIEW

RICHARD CRICHTON, B.A.

CANADA has for the first time declared war. Was she in any sense prepared for this situation? There is a quiet and serious efficiency about the way we are proceeding which suggests that we were more prepared than we realized a month ago, and much more profoundly prepared than in 1914.

War, Not Neutrality

This deliberate declaration of war is interesting in itself. It was made possible by the Statute of Westminster, 1931. Even under that statute a prevailing but not unanimous number of legal experts have held that Canada would still be at war when her fellow Dominion, the United Kingdom, was at war. Parliament was called immediately, as the Prime Minister had promised, after Britain was at war; but there was no motion for a declaration of neutrality. Swiftly complete support was offered to the rest of the Commonwealth and a week after the King's first declaration of war, he repeated it for Canada. Was Canada actually at war in the week's interval? Did she, in fact, strictly respect her apparent status as a neutral? Interesting but purely academic questions, for almost unanimously Canada did declare war. It might be argued that she could do that but could not declare neutrality.

This Matter of Isolationism

Some of us have been surprised that isolationist opinion has had so negligible an effect in the past few weeks: we had heard so much about it recently. Undoubtedly theoretical isolationism is much stronger than its collapse in Parliament or the Duplessis defeat would suggest. But many who would still argue for the legal validity and generally sound policy of separation support this war on its own case as one proper to an American nation of our attitudes and character.

Some aspects of isolationism are world wide. Normally, it means non-coöperation in a world league, nationalism within an Empire, or racialism and provincialism within a nation. In this last form we have seen it in Europe among the German minorities in Czechoslovakia, among the Nazis of Austria and Danzig, in the treasonable element among the German-speaking Poles, and in other innumerable groups

in polyglot Central Europe. At the core of almost all these movements, as at the core of Canadian isolationism, is a bona fide cultural movement willing for coöperation on a more equal basis. But everywhere this minority comes under the protection of people outside the nation, and when these people are Nazis and the protector is Germany, the local movement is soon pressed or led to treasonable and violent action. Eventually it accepts leadership and direction from outside, and so the movement originally looking to freedom initiates international violence.

Now, we have recently heard a very plausible presentation of this process for Canada. Colonel Lindberg would take us under his protective wing to save us (and him) from the troubles of our King, who unfortunately does go to war, and from what his friends would call the "Macedonian" conditions of Europe. So protected from the troubles of our British, Irish and French cousins, we should remember our "obligations" to the United States. Fortunately, his opinion does not seem to prevail; nor is our putative protector Germany. But it is an excellent example of how plausible this policy is. Canadian isolationism becomes a platform in a new American imperialism. It is a Texan policy all over again. Canadian isolationism in practice, if ever strong enough to practice, would take us from an empire in which we are autonomous into one which would completely dominate us.

So most Canadians evidently see it; Duplessis was beaten after Lindberg's speech. In this war, the question of isolation has been asked at the beginning and answered. It was not faced frankly at all in the last war. This time Canada is mentally prepared for the war.

Our Physical and Military Preparation

Naturally, we can say less here about our physical and military preparation. In the ordinary sense we were not an armed country. But as has been described by the Prime Minister and by the spokesman of the Minister of National Defence, the militia had a plan. The difference from 1914 is that we are proceeding on that plan and not by personal inspiration on the part of the Minister. If we older ones remember the sparkle accompanying the organization of the first First Division, we also remember how it concealed much ill-planning, poor selection and distribution of men, poor equipment and arms, and disproportionate fighting arms to services. Military reorganization is always irritating and to some heartbreaking. But we reorganized our militia three years ago in peace; we shall not have the same task to do immediately after

mobilization. The militia has a means for creating an expeditionary force and is using it.

This is notable also because during the reorganization the Government so shrank from the possibility or necessity of an expeditionary force that they declared that the militia existed for three purposes only: internal security, actual defence of Canada, and defence of our neutrality. Some criticized the actual reorganization on the basis of this policy. But the Government, true to themselves, realized that changed conditions might make an overseas force possible; those changed conditions arose and the Government was able to change its policy, or rather enlarge it, without being entirely crippled by a restricted training and organization. An armed service has to be ready for any eventualities, including those which the Government of the day think unlikely. That has been done in Canada, and not only is the militia on coast defence and throughout the country fulfilling its original three functions in the Active Service Force, but has added to them the First Overseas Division.

The shortage of equipment also is not so alarming as some have portrayed it. In the first place the shortage has been exaggerated and, secondly, plans for its provision are much more mature than mere appearance would suggest, as the Prime Minister has told us.

There were reasons of policy as well as of finance for not filling our arsenals and armouries with arms and weapons, ammunition and vehicles, transport and clothing. Military armament, and with it clothing and tools, changes only less rapidly than the Air Force. Never has there been such a rapid change as during the past few years, in part since the Canadian militia was reorganized three years ago. The rearmament of Britain in this time has been with the new weapons and vehicles and equipment. At that time it would have been foolish for Canada to stock up with obsolescent material; and it was impossible for financial and industrial reasons for us to be equipped at the same rate and at the same time.

In the last war, we in part armed and equipped our forces with material which had not been tested by the much greater experience of the War Office, and so was not only different from British material, creating problems of replenishment, but was actually inefficient and had to be discarded. It is better surely to start from scratch with tested and up-to-date material than to improvise and later have to get the better patterns after wasted time and wasted effort.

In details of method and equipment, Canada has made useful contributions to British practice. Normally, however, as a matter of policy decided at the Imperial Conference, all those parts of the Empire likely to be fighting together arm with the same weapons. Under the circumstances of the past few years, complete armament would have been foolish as well as impossible. It has been argued until recently that Canada should adjust her equipment to that of the American army. But the circles in which that argument has been advanced believed, and wished, that Canada would not be fighting again except along with the Americans. That has not proved to be the case, and, as in so many other matters, the policy of the last few years has been the right one, even if perhaps it was not vigorous enough. In the last war, the policy was not even right.

Even militarily, then, we are not unprepared. We can intensify and enlarge our activities; we do not seriously change them as we go towards the actual fighting.

The Voice of Pacifism

One cannot deal with Canada's entry into the war without reference to the deeply religious note which has characterized the pronouncements of Mr. King and others of our leaders. Of course, in amendment to them there is now, as always in Christendom, the virile pacifism of the religious and conscientious objector. With these men Canada had a relatively good record in the last war, and our pacifists on their part were predominantly successful in preventing their conscience from tricking them into political activities which they would not otherwise support. The pacifist issue has arisen perhaps earlier in this war; some of us welcome that fact. It is better to determine the boundaries of free belief and the rights of government now. Later, under war weariness and exasperation, the pacifist, embittered as well as heartbroken at events, may lose that poise which normally distinguishes his leaders; and for similar reasons governments may be irritated into injustice. Where there are Christians, there will be pacifists, even though many of us hold with the Archbishop of York that pacifism is a heresy.

Canada is Morally Prepared

But, more positively, this war has a clarity of issue which some of us think now the last war lacked. And that clarity is further illuminated by the admitted paganism of Germany's leaders and by the admit-

ted atheism of her more favoured (or is it feared?) friends. Liberal Protestant circles are often not so quick as others to damn Russian atheism, remembering what they believe to be the insufficient and corrupting elements in the Church which the Russians actually destroyed; and others again regret the too glib label "pagan" as applied to the modern German, fearing in it merely a racial hate to meet that of our enemy. All these terms were bandied about in the last war. But today many of us are struck with a deeper serenity in our own faith; and that faith in our cause is more clearly moral than ever before. This war will be won by the side which holds longest to its own faith; and no historian, I believe, can see in the modern German faith those elements of strength and permanence which still, if in imperfect form, strengthen ours. Here is the final estimate of our preparedness: Canada is morally prepared.

PROFESSIONAL SERVICES

J. A. NELLES & SON

Insurance Brokers

380 Richmond St.

Metcalf 343

LONDON

JEFFERY & JEFFERY
Barristers, Solicitors, Etc.

7 MARKET LANE

London

Canada

GEORGE S. JEWELL

Chartered Accountant

512 Huron & Erie Building

London, Ontario

Carrothers & McMillan

Successors to

Macpherson, Perrin & Carrothers

Barristers, Solicitors, Etc.

C. C. Carrothers, B.A., LL.B. J. F. McMillan, B.A.

BANK OF TORONTO BUILDING

404 TALBOT ST.

LONDON, CANADA

HAY STATIONERY CO., Ltd.

331 RICHMOND ST.

LONDON

Metcalf 5600

Complete Office Equipment

Blank Books

Card Systems

Business Forms and Books

Ruled and Printed to Your Order

THE CHAS. CHAPMAN CO.

91 Dundas St.

Metcalf 370

**College of Arts
Medical School
Class Organizations
Fraternities**

in fact, all printing in connection with the University of Western Ontario and affiliated organizations given special attention.

::

**HUNTER PRINTING
COMPANY**

226 King Street

Met. 1724

**THE
LONDON & WESTERN
TRUSTS COMPANY**

LIMITED



Established 1896



Executor and Trustee



Offices at

London - Toronto - Windsor

Winnipeg - Saskatoon - Vancouver

Victoria

PROFESSIONAL SERVICES

MOORE - SMYTH - WILLIS
Limited
GENERAL INSURANCE
260 Dundas St. Met. 5664

THE LITTLE STUDIO
of
WALTER DIXON
Graduate Portraits

G. M. GUNN & SON
George C. Gunn P. A. DuMoulin
R. A. Fisher
GENERAL INSURANCE
4 & 5 Alma Block, 361 1/2 Richmond St.
LONDON ONTARIO

WHAT?
and
WHERE?

The two vital factors of successful advertising — the copy must stimulate reader interest — that's the "what" of it: the reader must have the POWER to BUY — that's the "where" of it.

The first is up to you. The second is no longer a problem — place your copy in this publication. THE QUARTERLY reaches a select list of business men in Western Ontario who have the POWER TO BUY.

RATES ON APPLICATION

WM. C. BENSON & CO.
Chartered Accountants
267 Dundas St. Met. 1537
LONDON ONTARIO

GUNN & SMITH
Solicitors
John M. Gunn, B.A. Fletcher Smith, B.A.
BANK OF TORONTO CHAMBERS
Metcalfe 380

THE BASIS OF INSURANCE IS
SECURITY
The Strongest Company Gives the
Best Protection.
Before Renewing or Placing Insurance
See the Agent for
The Home Insurance Company
London Ontario

Compliments of
Carling Insurance Agency
General Insurance Brokers
1 Market Place Metcalfe 2322

ELMO W. CURTIS
INSURANCE
83 Wharncliffe Road S.
Met. 1134 LONDON Met. 4763-J

Compliments of . . .

CARROTHERS
FUNERAL HOME

James M. Carrothers
843 DUNDAS ST. LONDON



FACULTY

For Courses in Business Administration and Secretarial Science

William Sherwood Fox, Ph.D., D.Litt., LL.D., F.R.S.C. -
 - - - - - *President of the University*

Kenneth Percival Rutherford Neville, Ph.D. - - -
 - - - - - *Dean of Faculty of Arts*

* * * * *

Walter Albert Thompson, M.B.A. - - *Business Administration*
 Mark Keith Inman, M.A., Ph.D. - *Economic and Political Science*
 Harold Reynolds Kingston, M.A., Ph.D., F.R.A.S. - *Mathematics*
 James Albert Spenceley, M.A. - - - - *English*
 Melvin Eugene Bassett, M.A. - - - *Romance Languages*
 Fred Landon, M.A., F.R.S.C., Librarian - - - *History*
 Evelyn Kelly Albright, M.A. - - - - *English*
 Edward Ernest Reilly, B.S.A., M.S. - - - *Economics*
 Margaret Gwendoline Keyes, First Class Secretarial Diploma,
 Kensington College - - - *Secretarial Science*
 Gordon H. McKee, M.B.A. - - - *Business Administration*
 Malcolm Slaght, M.B.A. - - - *Business Administration*
 Walter Bennett Harvey, Ph.D. - - - *Economics*
 Christopher John Bittner, Ph.D. - - - *Economics*
 Herbert Edward Jenkin, B.A. - - - *Commercial French*
 Hartley Munro Thomas, Ph.D. - - - *History*
 Gordon Richard Magee, Ph.D. - - - *Mathematics*
 Mary Hamilton Gillespie, B.A. - - - *Secretarial Science*
 Cecil Cyril Carrothers, B.A., LL.B. - - -
 - - - - - *Business Administration and Law*
 Mother Marie, M.A. - - - - - *French*
 Eleanor Croysdale Doherty, Ph.D. - - *English and French*
 Doris Liddicoatt, M.A. - - - - - *English*
 Dorothy Carter, B.A. - - - - *Secretarial Science*
 Kenneth Grant Crawford, M.A. - - - *Municipal Affairs*



